

	<h2>Local Pension Board</h2>
Title	Administration Performance Report And Update On Other Administration And Legislative Matters
Date of meeting	18 December 2023
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	All
Status	Public
Urgent	No
Appendices	<p>Appendix A– West Yorkshire Pension Fund (WYPF) Monthly Report (for October 2023)</p> <p>Appendix B – Percentage of My Portal registrations per employer</p> <p>Appendix C - London Borough of Barnet Pension Fund Communication and Engagement Policy (draft)</p> <p>Appendix D – Draft Policy on Admissions and pass-through</p>
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<h3>Summary</h3>	
<p>This paper provides the Local Pension Board with the West Yorkshire Pension Fund (WYPF) pensions administration performance report for October 2023, along with an update on the 2023 Annual Benefit Statements and relevant administration and legislative matters.</p>	
<h3>Recommendations</h3>	
<p>That the Local Pension Board note West Yorkshire Pension Fund’s performance levels along with the updates on other administration and legislative issues.</p>	

1. Reasons for the Recommendations

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place. It is important that this information is reviewed regularly by the Board.
- 1.2 The report in Appendix A provides an overview of performance of the operational pensions administration service delivered by West Yorkshire Pension Fund (WYPF) up to 31 October 2023.

WYPF Performance

- 1.3 In October, WYPF processed **c1,500** cases with just **89.93%** cases being completed within the agreed Key Performance Indicators (KPIs) targets. The number of processed cases is higher than in previous months due to a number of employers (primarily schools) sending requests for WYPF to update members records. The WYPF Report in Appendix A shows an increase to 698 member update cases processed in October, up from 164 in September.
- 1.4 The performance against the KPIs target is around 90%, which the LBB Pensions Team (“the Pensions Team”) regard as satisfactory. The LBB Pensions Team monitor the performance of WYPF monthly. We expect that due to the additional work resulting from the McCloud judgement, the performance level to remain around this level over the next few months.
- 1.5 Different work types have different target completion periods and different SLAs, usually depending on the nature/priority of the item of work. For most work types, the SLAs have been met. The processes that failed to meet the SLA are shown in the “Performance Section” in the report in Appendix A.
- 1.6 The number of complaints received by WYPF remain very low, as does the number of Internal Dispute Resolution Procedure (IDRP) cases received, with one stage 1 IDRP case currently in progress and one stage 2 case. A recent complaint received from The Pensions Ombudsman (TPO) has been dealt with and we wait for TPO’s response.
- 1.7 The Pension Fund has not offered compensation to any new members since the last Board meeting. However, two members have accepted compensation of £500 each previously offered to them, and these have now been paid. The amounts of compensation are determined in line TPO’s “Redress for non-financial injustice” document, which suggest the compensation that should be offered depending on the level of distress and inconvenience suffered by the member.

WYPF member portal (“My Pension”)

- 1.8 The number of members who have registered for the WYPF “My Pension” member portal continues to increase. The figures in the WYPF report equate to **43.2%** of all active members, **30.0%** of all deferred members and **40.1%** of all pensioners.
- 1.9 The Pensions Team are working to increase the number of registrations. The target is for active member registrations to be at least 50% by the end of March 2024.
- 1.10 The Pension Team are contacting all LBB members who have not registered encouraging them to register and offering help if required. We are also considering offering “drop in” sessions in Colindale, the Street Scene depot, and possibly other locations where we can meet members face to face to help them with registration.
- 1.11 We are also contacting all other employers asking them to encourage their members to register.

1.12 Appendix B sets out the number of registrations for active members per employer as of 27 November 2023.

AVC Provider review

1.13 Hymans Robertson are undertaking a review of AVC providers to the Fund. This has been delayed but work has now commenced. An update will be provided to the Board at the meeting.

Benefit Statements (ABS)

1.14 The outstanding 2023 Annual Benefit Statements (ABS's) for active members continue. As of 27 November, **99.3%** of ABS's had been produced. This means that there are **49** ABS's still to be issued, of which **21** are where WYPF are waiting for the employer to respond to a pay or service query. The remaining **18** members are where WYPF are working on linking their pension records and ABS's will be issued when this work is complete.

Automation of Pension Processes by WYPF

1.15 WYPF are working on automating their processes. The following processes are now being automated by WYPF:

- Deferred Benefit calculation – when a member leaves the Fund.
- Flexible Retirement – when a member decides to take their pension but continue working at the same time.

1.16 Updates will be provided to the Board at future meetings.

Pensions Dashboard

1.17 The Department for Work and Pensions (DWP) announced a delay to the Pensions Dashboard Programme in March, which was described as a “reset”. The Government has set an ultimate deadline of 31 October 2026, although it is hoped that dashboards will be accessible to the public earlier than this.

1.18 On 14 November 2023, it was confirmed that the proposed staging date for public service pension schemes will be within the period of one month up to **30 September 2025**.

1.19 The final staging guidance will be in the Spring of 2024. The Pensions Team will continue to monitor and report back to the Board at future meetings with any updates.

“McCloud” ruling

1.20 The McCloud remedy regulations, that would extend the Local Government Pension Scheme (LGPS) statutory underpin protection to younger members of the Fund came into force on 1 October 2023.

1.21 WYPF had ensured that their systems were ready for the “live” date. WYPF have reported that there have been no issues reported since 1 October, but as mentioned in paragraph 1.4, the volume of work may increase in the short term, as they must recalculate members benefits.

1.22 An update will be provided by a WYPF representative at the meeting.

Finance Update

- 1.23 Between April 2023 and September 2023, the fund has received **£31.6m** of contribution payments into the funds bank account.
- 1.24 The monthly contribution returns received from employers for the same period only total £28.7m, meaning that £2.9m of the contributions received relate to employers who have not submitted returns or have sent in returns which do not reconcile to the amounts received.
- 1.25 The Pensions Team continue to chase these employers to obtain missing or incomplete monthly returns.
- 1.26 For the contributions reconciled with the monthly returns, this is split as follows:
- Employer Contributions – £21.9m
 - Employee Contributions - £5.68
 - Employee Additional Contributions - £0.02m
 - Employer Deficit Contributions - £1.1m

Pension Fund Engagement Strategy

- 1.27 The Pensions Team have drafted an updated version of the Fund’s Communication and Engagement Policy. This is included as Appendix C.
- 1.28 We would welcome feedback from the Board on the revised Policy, which we will consider before we present this Policy to the Committee in January.
- 1.29 The “Pensions Myth Busting” session for Council staff that was previously going to take place in October has been postponed until January. Members of staff have provided topics that they would like covered and these will be incorporated within the presentation. Staff will also be able to book face to face sessions with the Pensions Team to discuss any personal pension issues or questions they may have.
- 1.30 The Pensions Team have also sent questionnaires to all Fund employers as we are keen to hear what they would like in terms of engagement. A few forms have been returned and we have included their suggestions in the Employers Forum to be held on 6 December. It was also requested by employers that the Pensions Team hold a “basic guide/introduction to pensions” training session and this is being arranged for early in the new year.
- 1.31 We will continue to update the Board on progress at future meetings, on how the Pensions Team are engaging with members, employers and other stakeholders.

TPR Code of Practice

- 1.32 Following a consultation launched in 2021, TPR has issued a draft new single Code of Practice (the “Single Code”), which sets out the proposed new governance standards for pension schemes. The Single Code will be applicable to public sector schemes (replacing the old Code of Practice 14).
- 1.33 The Single Code sets out TPR’s expectations for compliance with the law. It is not legally binding, but the courts and TPR may take compliance with the Single Code into consideration in deciding whether a statutory requirement has been met.

1.34 In practice, therefore, compliance with the Single Code is likely to be seen as mandatory. In due course, Board members will need to familiarise themselves with the Single Code and review that the existing internal controls and procedures are in line with the Single Code.

1.35 The final Single Code has still yet to be published by TPR. When it is, the Pensions Team will review the Single Code and provide further updates and training to the Board.

Updated Policy for admitting new Employers to the Fund

1.36 The current admissions process for new employers joining the Fund (most commonly when schools take on new catering or cleaning contracts) has a high governance burden for Pensions Team, relies on proactive action from third parties and is potentially onerous for employers. All this creates risk around completing the admission process in a timely fashion.

1.37 As an example of this, it is usual for the Pensions Team to be notified at a late stage of new admissions (in most cases after the new employer has started the contract). Admitted employers are required to sign an Admission Agreement and provide a bond. Getting these agreements signed and sealed and arranging for bonds to be put in place takes longer than it should, which increases the governance risks to the Fund.

1.38 Following a review of the admissions process, the Pensions Fund Committee at their meeting on 2 November approved the Pensions Team's proposal for a revised process, along with the new Admissions policy. The revised policy is attached as Appendix D.

1.39 The proposal is that for all new admissions with an active membership of less than 100 people, that they are admitted to Barnet Pension Fund on a 'pass-through' basis. This was initially intended be effective for new admissions from 1 January 2024, but will now come into force from 1 April.

1.40 Pass-through is a way that admitted bodies can participate in the Fund with certain risks being shared between the letting authority (e.g., the Council – including where contractors are employed by LEA schools, Middlesex University, Barnet & Southgate College and Academies) and the new contractor.

1.41 Whilst a pass-through basis increases risk for the letting authority, the nature of new admitted bodies means that the number of members (and hence costs involved) are very small. This means that any additional risk is more than likely to be offset against the governance risks to the Pension Fund of not getting admissions and bonds signed off in good time.

1.42 A pass-through agreement will mean that admitted bodies will no longer be required to provide a bond. On cessation of the admitted body, any surplus will be retained in the Fund in the letting authorities "pool" and not paid back to the admitted body.

1.43 The new policy will mean that the admitted body will still be liable for additional pension costs resulting from the award of additional pension/augmented benefits, the award of unreduced early retirements (non ill-health) and excessive pay rises awarded by the admitted body.

1.44 Prior to the Committee meeting, the Section 151 Officer has agreed to the Pensions Team recommendation.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.

Corporate Performance / Outcome Measures

4.2 Not applicable in the context of this report.

Sustainability

4.3 Not applicable in the context of this report.

Corporate Parenting

4.4 Not applicable in the context of this report.

Risk Management

4.5 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.6 Not applicable in the context of this report.

Social Value

4.7 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Not applicable in the context of this report.

6. Legal Implications and Constitution References

6.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is the London Borough of Barnet. The Local Government (Amendment) (Governance) Pension Scheme Regulations 2015 inserts regulation 106 into the Local Government Pension Scheme Regulations 2013 which requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

- Under the terms of reference for the Local Pension Board, the role of the Board includes to assist with: compliance with LGPS Government regulations.

- compliance with the requirements imposed by the Pensions Regulator.
- such other matters as the LGPS regulations may specify to ensure the effective and efficient governance and administration.
- ensure the Pension Fund’s strategy and policy documents are maintained in accordance with the LGPS Regulations.
- ensure the Pension Fund’s internal Risk Register is reviewed at least annually.
- review the Pension Fund’s performance in complying with the requirements of the LGPS Regulations.

7. Consultation

7.1 Where relevant, consultation and engagement is discussed in the paper.

8. Equalities and Diversity

- 8.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant ‘protected characteristic’ and those who do not share it; and fostering good relations between persons who share a relevant ‘protected characteristic’ and persons who do not share it. The ‘protected characteristics’ are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.
- 8.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The [Public Sector Equality Duty](#) requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

9. Background Papers

9.1 None